

Committee on Ways and Means

American Jobs Creation Act Reflects Priorities in President's FY04 Budget

The President's budget includes a repeal of FSC/ETI.

“Compliance with the WTO decisions in the FSC/ETI case requires substantive changes to our current international tax laws. Replicating the benefits of the FSC and ETI provisions through minor changes to the current-law ETI provisions or through enactment of a similar replacement regime will not bring us into compliance with the WTO rules as analyzed in the decisions. Compliance will require repeal of the ETI provisions.”

Plus the budget couples FSC/ETI repeal with the need for international tax reforms.

“The required changes to our tax law should be coupled with much needed reforms to ensure that our tax law, and our international tax system in particular, does not operate to impose anti-competitive burdens on U.S.-based companies operating in the global marketplace.”

“The U.S. rules for the taxation of foreign-source income are unique in their breadth of reach and degree of complexity. That complexity itself represents a significant burden that should be addressed.”

Source: Treasury Blue Book, page 148: <http://www.ustreas.gov/offices/tax-policy/library/bluebk03.pdf>